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Illinois Department of Insurance Encourages Consumers to Review Earthquake Insurance Coverage

CHICAGO – Tuesday, February 16, 2010. In the wake of the 3.8-magnitude earthquake that surprised residents of northern Illinois on Feb. 10, the Illinois Department of Insurance is encouraging consumers across the State to review their earthquake insurance coverage.

“Even a minor earthquake can be a frightening event but it can also serve as an important reminder to the people of Illinois,” said Michael T. McRaith, Director of the Illinois Department of Insurance. “By taking a few simple steps today, Illinoisans can ensure that their families, homes, and businesses are protected against future disasters.”

The Department offers the following advice on earthquake insurance and some simple steps to take before an earthquake or other disaster strikes.

Earthquake Insurance

- It is important to understand that standard homeowners, condo, and rental insurance policies do not cover damage due to earthquakes, but coverage may be purchased as an endorsement or a separate policy.
- Premium rates for earthquake insurance may vary widely depending on the coverage, where you live, the age and build of your home, and other factors. Contact your insurance agent or company to find out what the costs would be for your home. There are several factors to consider when evaluating your insurance options, including:
 - Does the policy cover only the dwelling? Are accessory structures, such as garages, also included?
 - Will your policy pay for the contents of your home and for additional living expenses if your home is badly damaged or destroyed?

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- Are there any exclusions or limitations to coverage?
- What deductible must you pay before the insurance kicks in?
- Earthquake insurance policies can have a high deductible – up to 20 percent of the total amount of insurance you carry for each coverage under the policy.
 - For example, if a homeowner's policy provides \$100,000 of coverage on the dwelling, \$50,000 on the contents, and \$10,000 on an unattached garage, and the earthquake deductible is 10 percent, you would have to pay a deductible of \$10,000 on the dwelling, \$5,000 on the contents, and \$1,000 on the unattached garage before your insurance kicks in.
- You should review your insurance policy, or check with your insurance agent or company, to determine whether your earthquake insurance is appropriate for your needs.

Before Disaster Strikes

- Keep an inventory of your personal property. Record model and serial numbers for more expensive items such as televisions and personal computers. Keep receipts for all such items. You may even consider video recording or taking pictures inside your home. Inventory records should be kept at a location other than your home.
- Make photocopies of your insurance policies and keep the copies in a secure location away from your residence. Keep important papers together so they will be readily available when you need them.
- Have your insurance agent and insurance company's telephone numbers readily available.
- Be familiar with the coverage of your insurance policy. Make sure you understand the difference between actual cash value (ACV) and replacement cost coverage. ACV replaces contents at cost minus depreciation. Replacement cost replaces your contents at today's prices.

For more information on what to do before, during, and after an earthquake or other disaster, including how to navigate the claims-handling process and to access a list of organizations that assist in disaster response, please visit insurance.illinois.gov. Illinois consumers with questions and concerns about their insurance can also call the Department's toll-free consumer hotline at (866) 445-5364.

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